

Russia Will Raise Reserve Currency Issue At G-20

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MOSCOW (Dow Jones)--Russia will raise the issue of new reserve currencies at the forthcoming Toronto summit of the Group of 20 industrial and developing nations, a top Kremlin aide said Monday.

"This is an ongoing discussion, and it will continue at the summit," said Arkady Dvorkich, top economic aide to President Dmitry Medvedev.

Russia has repeatedly called for countries to lessen their dependence on the U.S. dollar as a reserve currency, claiming that dependence on the greenback weakens the global financial system. Past suggestions have included establishing a greater role for the currencies of developing countries such as Russia, China and India, the creation of a supranational currency and the use of the International Monetary Fund units called Special Drawing Rights.

Russia, holder of the world's third largest foreign reserves, has been aiming to achieve a free-float of its own currency, the ruble, in the next 18 months--a key step if the ruble is ever to be used in reserves of other nations.

"The creation of a reserve currency is an organic process whose timing is dictated by world markets, not by any one country alone," said John Lipsky, first managing director of the IMF, during an interview at the St. Petersburg Economic Forum.

Dvorkovich also said China's decision to allow more exchange rate flexibility won't have any effect on the ruble or the Russian economy.

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